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E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [SP](#)  
SUBJECT: OFFICE OF DEFENSE TRADE CONTROLS COMPLIANCE  
PLACES SPANISH COMPANY, ELINT S.A. UNDER A POLICY OF DENIAL

REF: A. MADRID 453 B. MADRID 777

11. This is an Action Request. See paragraph 6.

12. The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests that Embassy convey to appropriate Spanish officials the policy of denial imposed on Spanish company, Elint S.A. Until further notice, Elint S.A. will not be approved as a party to any export license for United States Munitions List (USML) items. Furthermore, licenses that have been granted (involving Elint S.A. as the primary consignee) and have balances that remain unshipped will be revoked.

13. Background: In June 2008, PM/DTCC requested a Blue Lantern post-shipment check on the export of 350 night vision devices (NVDs) (authorization request No. 05-971940) to Elint (acting as foreign consignee) for the Spanish Marines. Embassy Madrid, supporting DTCC's Blue Lantern inquiry, determined that Elint could not account for 112 NVDs, had retransferred dozens of NVDs to unauthorized end-users in Spain and outside of Spain, had stored at least 114 NVDs in its own facilities without authorization, and committed several other likely International Traffic in Arms Regulations (ITAR) violations. Based on Post's findings, the Spanish MoD asked the Spanish National Police to investigate. ITT, the U.S. licensor is also pursuing a patent infringement suit against Elint.

14. Post conducted a follow-up site visit on July 9, 2009 (ref B) to ascertain the status of the previously unaccounted for NVDs. The site visit determined that 112 of the 350 NVDs purchased by Elint could not/not be accounted for. The follow-up check indicated that Elint had sold 13 NVDs to unauthorized end-users and kept inadequate records of NVD serial numbers, and stored at least 114 NVDs in its own facilities without authorization. Post is cooperating with the Spanish National Police (SNP) in an ongoing criminal investigation of Elint.

15. In early June 2009 Elint requested a license to import another 862 NVDs (license application No. 050177626) for end-use by the Spanish Marines. Post recommended that DDTC not/not approve any further licenses involving Elint while the matter was under investigation. Based on information received from the Spanish MoD on September 3, 2009, support documentation (i.e., DSP-83 Nontransfer and Use Certificate) for the license application was altered significantly in violation of both Spanish and U.S. law.

16. Based on Post's reporting, DTCC will advise Elint in writing of the Department's policy of denial as follows:

--Pursuant to 126.7(b) of the ITAR (22C.F.R. Parts 120-130), the Department of State, DDTC, is hereby placing Elint under

a policy of denial, effective immediately. This policy applies to current licenses or other approvals and future license applications or other requests to which Elint is a party.

¶7. ACTION: Department requests that post contact appropriate GOS officials to convey the policy of denial that has been imposed on Elint S.A. Department recognizes and appreciates Spanish government cooperation in investigating Elint and does not/not wish to disrupt legitimate U.S. defense trade exports to a valued U.S. ally. Post should advise GOS that export requests for Spain for night vision devices or other USML items will be favorably considered if supported by a purchase document between a generally eligible Spanish consignee and a U.S. manufacturer/exporter or a purchase document directly between the GOS and a U.S. manufacturer/exporter. Finally, the Department requests that post make clear that any future exports to Spain involving Elint will be denied.  
END ACTION

¶8. Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" and the case number in the subject line. POC is Tim Mazzarelli, PM/DTCC, Phone: 202-663-3867.

¶9. Department is grateful for Embassy's assistance in this matter.  
CLINTON